Message Text

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ACTION OMB-01

INFO OCT-01 EUR-12 IO-10 ISO-00 DEAE-00 CIAE-00 INR-05

JUSE-00 NSAE-00 RSC-01 SNM-02 SY-04 TRSE-00 USIA-06

NSC-05 OES-03 AGR-05 AID-05 DODE-00 HEW-02 /062 W ------ 049587

R 121610Z DEC 74

FM AMEMBASSY THE HAGUE TO SECSTATE WASHDC 4852 INFO AMEMBASSY ANKARA USMISSION GENEVA

CONFIDENTIAL THE HAGUE 5979

DEPT PASS ED JOHNSON, OMB

E.O. 11652: GDS TAGS: SNAR. NL

SUBJ: NARCOTICS: POPPY STRAW PROCESSNG CAPACITIES

REF: (A) HAGUE 5803 (B) STATE 262207 (C) HAGUE 4502

1. FOLLOWING ADDITIONAL DATA RE VERENIGDE PHARAMCEUTISCHE FABRIEKEN'S POPPY STRAW PROCESSING CAPACITY/OPERATIONS SUPPLIED BY FIRM'S MARKETING MANAGER:

(A) PROCESSING CAPACITY (FIRST STAGE EXTRACTION) UNDER PRESENT OPERATING CONDITIONS AND WITH PRESENT PLANT IS 7 TO 8 THOUSAND METRIC TONS OF STRAW. PLANT NOW OPERATES THREE SHIFTS AND IS CLOSED ON WEEKENDS. CAPACITY COULD THEREFORE BE INCREASED BY ADDING ADDITIONAL SHIFT AND/OR OPERATING PLANT ON WEEKENDS. SOURCE STRESSED THAT ANY DECISION TO INTENSIFY PRESENT OPERATION WOULD BE SOLELY DEPENDENT ON MARKET FACTORS (PRICE/DEMAND FOR PRODUCT).

(B) PRIOR TO CESSATION OF POPPY CULTIVATION BY TURKEY, VPF TOOK APPROXIMATELY ONE HALF OF ALL TURKISH STRAW EXPORTS, OR IN NEIGHBOR-CONFIDENTIAL

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HOOD OF EIGHT THOUSAND METRIC TONS/YEAR IN AVERAGE CROP YEAR.

(C) IN RESPONSE TO QUESTION WHETHER VPF EXPECTS TO PURCHASE RAW MATERIAL (STRAW) IN EXCESS OF AMOUNTS NEEDED TO KEEP PLANT IN NORMAL OPERATION, SOURCE REPLIED THAT FIRM MIGHT DO SPECULATIVE BUYING IF MARKET CONDITIONS WARRANT, I.E., IF PRICE IS RIGHT AND IF AVAIALBILITY OF FUTURE SUPPLIES JUSTIFY STOCK BUILDING.

2. COMMENT: OUR SOURCE WAS NATURALLY CURIOUS AS TO REASONS WHICH PROMPTED THIS FURTHER INQUIRY. WHEN TOLD BY EMBOFF THAT INFORMATION WAS NEEDED IN CONNECTION WITHESTIMATES OF DEMAND FOR 1975 TURKISH CROP, SOURCE RETORTED THAT IN HIS OPINION REAL REASON IS THAT USG IS CONCERNED ABOUT FUTURE SUPPLY OF MEDICINAL OPIATES, AND SINCE US ITSELF DOES NOT HAVE CAPABILITY TO PROCESS POPPY STRAW, IT IS SHOPPING AROUND FOR FOREIGN ESTABILISHMENTS WHICH ARE CAPABLE OF PROCESSING STRAW AND SHIPPING INTERMEDIATE PRODUCTS TO US FOR FURTHER PROCESSING. IN DEFERENCE TO DEPARTMENT'S REQUEST IN PARA 7 OF REF (B), EMBOFF AVOIDED DISCUSSION THIS SUBJECT. WE HOPED THAT IN FUTURE CONTACTS WITH VPF, WE MAY BE ABLE TO BE MORE FORTHRIGHT WITH THEM ON THIS SUBJECT. OUR SOURCE, WHO IS WELL ATTUNED TO WHAT'S GOING ON, OBVIOUSLY SAW THROUGH OUR SMOKESCREEN. GOULD

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Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: AGRICULTURAL PRODUCTION, OPIUM, DRUGS, POPPY STRAW

Control Number: n/a Copy: SINGLE Draft Date: 12 DEC 1974 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974THEHA05979

Document Number: 1974THEHA05979 Document Source: CORE Document Unique ID: 00 Drafter: n/a

Enclosure: n/a Executive Order: GS Errors: N/A Film Number: D740362-0310 From: THE HAGUE Handling Restrictions: n/a

Image Path: ISecure: 1

Legacy Key: link1974/newtext/t19741239/aaaabgyn.tel

Line Count: 82

Locator: TEXT ON-LINE, ON MICROFILM Office: ACTION OMB Original Classification: CONFIDENTIAL Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 2

Previous Channel Indicators:
Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a Reference: 74 HAGUE 5803 Review Action: RELEASED, APPROVED Review Authority: CunninFX

Review Comment: n/a Review Content Flags: Review Date: 28 MAY 2002

Review Event:

Review Exemptions: n/a
Review History: RELEASED <28 MAY 2002 by ifshinsr>; APPROVED <27 MAR 2003 by CunninFX>

Review Markings:

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: NARCOTICS: POPPY STRAW PROCESSNG CAPACITIES

TAGS: SNAR, NL To: STATE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005